Impact of GSP on Indian Exports

487. SHRI MAN MOHAN SAMAL: Will the Minister of COMMERCE AND INDUSTRY be pleased to state:

(a) whether it is a afact that the European Union's new Generalised System of Preferences (GSP) that came into effect on January 1, 2002 would not be favourable to Indian exports;

(b) if so, the reasons therefor;

(c) whether it is also a fact that the worst affected area for Indian exporters would be textile and clothing as the exports from the Sector to the EU has been doing well and the new GSP would weigh against them; and

(d) if so, the measures taken to protect the Indian interest?

THE MINISTER OF STATE IN THE MINISTRY OF COMMERCE AND INDUSTRY (SHRI RAJIV PRATAP RUDI): (a) and (b) No, Sir. The new Generalised System of Preference (GSP) scheme of the European Union (EU) for the period January, 2002 to December, 2004, has introduced a flat rate of preferential margin of 3.5 percentage points on the applicable Common Customs Tariff (CCT) instead of percentage reduction under the previous scheme. For majority of the products preference margin available under the new Scheme is higher than that was available under the previous scheme. The new scheme also provides for a "standstill clause" which guarantees that India's exports continue to enjoy at least the same market access as it was offered under the previous scheme, if the application of the 3.5 percentage points for certain products results in a less favourable rate than that in the previous scheme.

(c) and (d) The margin of preference available for the clothing sector under the new scheme is 5% more than that was under the previous scheme. Under the 'graduation mechanism' of the EU GSP Scheme, India had already graduated for 'textiles' covered under HS (Harmonised System) Chapters 50 to 60, and was therefore not receiving GSP tariff preference for this sector, from 1995 onwards. The status remains the same under the current scheme also.

Agro-Climatic Export Zones

488. SHRI NANA DESHMUKH: Will the Minister of COMMERCE AND INDUSTRY be pleased to state:

(a) whether Government have any plan to establish agro-climatic export zones to make agricultural exports more competitive in view of World Trade Organisation coming into force next year;